

**QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT
COMMITTEE**

ON

**MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE
ABUSE SERVICES**

SESSION LAW 2001-437

October 1, 2005 to December 31, 2005

This quarterly report is submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. This report is for the months of October 1 through December 31, 2005 and provides information on major developments as the Division implements reform.

Section I: Major developments for this quarter include:

- The Division created a web page with information and links to other sources regarding Medicare Part D Prescription Drug Coverage to assist Medicare-eligible consumers in choosing and enrolling in drug plans that best meet their needs.
- The Division published a Request for Applications (RFA) for LME's wishing to serve as the LME performing Utilization Review and Screening, Triage and Referral (STR) for their partnership areas.
- The Division was notified by the Centers for Medicaid and Medicare Services that developmental therapies as a Medicaid rehab service would not be approved services to replace CBS services for individuals with developmental disabilities. The Division continues to work with key stakeholders to identify alternatives for the affected individuals.
- Doug Baker was named the Director of the Julian F. Keith Alcohol and Drug Abuse Treatment Center. Previously, Mr. Baker was a Team Leader in the State Operated Services Section of the Division.
- Dr. Stephen Oxley was named the Director of John Umstead Hospital. Dr. Oxley has served the hospital in many capacities before being named Director.
- Dr. Jack St. Clair was named the Director of Cherry Hospital. Dr. St Clair previously served as the Director of Eastpointe Human Services and has worked for the Division previously as the Director of Black Mountain Center.
- Dr. Jim Osberg was named the Director of Dorothea Dix Hospital. Dr. Osberg previously served as Interim Director of Cherry Hospital and was a Team Leader in the State Operated Services Section of the Division.

Section II: Division Communications

1. Communication Bulletins #049, #050 and #051

- Communication Bulletin # 049: Due to a revision to G.S. 122C-233.1 providers applying for licensure for residential facilities now need to seek a letter of support from their LME. Communication Bulletin #049 provides guidance to both providers and LME's by identifying a standard process to comply with the new requirement.
- Communication Bulletin # 050 provided an update on agencies that DMHDDSAS and DMA have agreed to recognize as accrediting agencies for the provision of mental health, developmental disabilities and substance abuse services and agencies for the accreditation of LMEs for system management functions.
- Communication Bulletin # 051 provided a draft copy of the division's Cultural and Linguistic Competency Action Plan. The plan entitled "*Cultural and Linguistic Competency Action Plan, Recommendations for Moving from thought to Practice*" was developed by the Division's Cultural Competency Advisory Group appointed in 2004 by the Division Director.

2. Systems Development

The Division sponsored a Provider Summit at the University at North Carolina at Chapel Hill. The purpose of the summit was to strengthen the dialogue with providers about the challenges, concerns, and opportunities that they are experiencing and to offer suggestions regarding what assistance the state can offer to encourage growth of viable local service communities. The summit was facilitated by Tom Lucking. Mr. Lucking is a national consultant with expertise in provider relations, contracting, business systems, and benefit structures.

In accordance with Secretary Carmen Hooker Odom's request to achieve and improve consistency in the performance of certain LME functions the Division released applications for Local Management Entities who wished to serve as the lead LME to perform utilization review (UR) and screening, triage and referral (STR) functions.

The Division issued instructions to advocacy organizations on how to access and use the Advocacy Database that was created in May 2005. The database was created to involve a broader and more representative array of advocacy organizations and groups in discussions about DMH/DD/SAS issues related to transformation of the mh/dd/sa service system.

Five new members were appointed the State Consumer and Family Advisory (SCFAC). The new appointees are Matthew Elliot, Mildred Hagler, Dorothy O'Neal, Andrea Stevens and David Taylor.

The Division released a Request for Proposal seeking a vendor to assist in the development of a long-range plan for meeting mental health,

developmental disabilities and substance abuse services needs pursuant to Section 10.24 (a) of Senate Bill 622 of Session Laws 2005-276. This RFP is designed to secure a highly experience group that can undertake research and analysis as well as perform the necessary financial and budgeting analysis to develop a long-range plan.

3. Merger of Local Management Entities

There were no local management entity consolidations during this quarter.

4. Services and Programs

Service Definitions:

Staff of the Division of Medical Assistance and the Division of Mental Health, Developmental Disabilities and Substance Abuse Services have been meeting with representatives from the Centers for Medicare and Medicaid to finalize the proposed State Plan Amendment submitted to CMS in 2005. Once the State Plan Amendment is approved implementation of the new Enhanced Benefit services can be initiated.

5. Financing

Mental Health Trust Fund:

The Mental Health Trust Fund continues to be used to assist in reform and community expansion. As of December 31, 2005, \$42,725,644 has been used for the following: bridge funding to Area Programs/Local Management Entities associated with hospital downsizing, hospital replacement planning, funding to Area Programs/Local Management Entities for Integrated Payments and Reporting System (IPRS) conversion and Local Business Plan development, Olmstead assessments, training regarding reform and consultant contracts.

6. Developing Community Capacity

The Centers for Medicaid and Medicare Services (CMS) notified the Division that the current service known as CBS must be removed from the Medicaid State Plan upon approval of the proposed service definitions. For individuals with mental illness and substance abuse disorders, CBS will be replaced by Community Support. For individuals with developmental disabilities the Division proposed a new service, called Developmental Therapies. However, CMS has notified the Division that Developmental Therapies – or any similar service primarily designed for persons with developmental disabilities – is habilitative in nature, not rehabilitative. The Division realizes how important CBS services are for persons with developmental disabilities and it committed to identifying alternatives to this problem. In an effort to do so, the Division met with key stakeholders to discuss the impact of the decision and to begin the process of designing solutions. In addition, The Division sought client specific information from the LMEs to assist with the decision making process. This information was due to the Division by the end of 2005.